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**The District of Columbia's Office of the Deputy Mayor for Planning and Economic Development is soliciting developer qualifications for the purchase and rehabilitation of vacant and abandoned properties.**

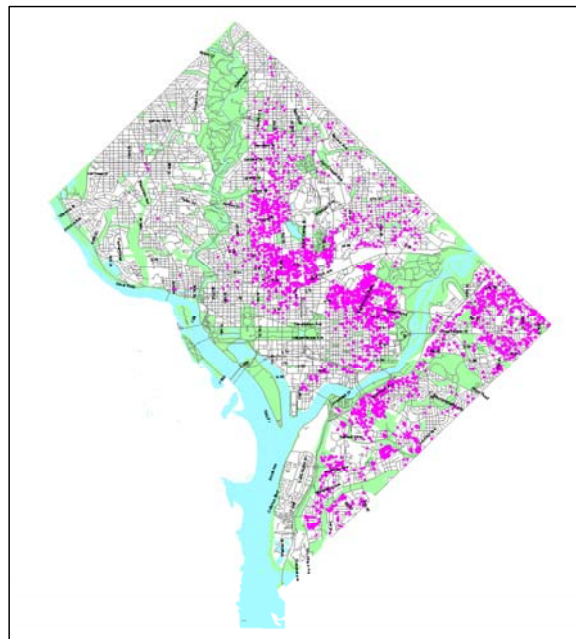
## **1. INTRODUCTION**

In January 2003, the Department of Consumer and Regulatory Affairs estimated that there are approximately 2,700 vacant buildings and 150 vacant lots in the District of Columbia. This is a dramatic decline from a 1999 estimate and a sign of the strong demand for housing and of the District's success in promoting the development of long vacant properties. Although there are far fewer vacant properties than in 1999, Map 1 below still represents the patterns of vacant properties scattered across the District.

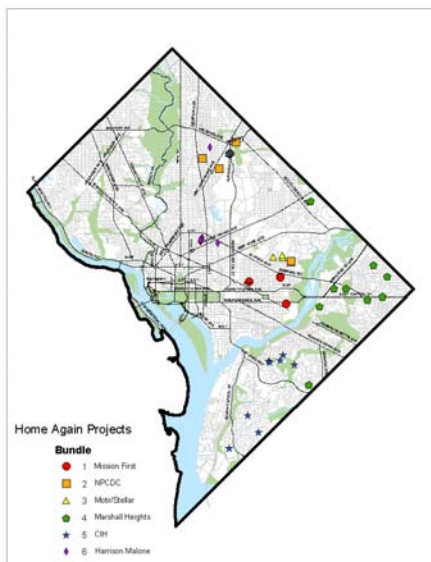
The Mayor's new *Home Again Initiative* intends to promote the development of these 2,700 vacant and abandoned properties and convert them into new market rate and affordable homes. *Home Again* is in the process of gaining site control of the properties through tax foreclosure, friendly acquisition, and, if necessary, eminent domain.

Initially, the *Initiative* will focus primarily on single-family residences. All of the properties sold will be vacant and uninhabitable lots or buildings. The *Initiative* will look to gain site control of 150 properties in five initial neighborhoods.

In the future, the *Initiative* will expand its efforts to other neighborhoods throughout the District. The five initial neighborhoods are Columbia Heights, Shaw/LeDroit Park, Ivy City/Trinidad, Near Northeast, and Rosedale (see Map 3). The *Initiative* used two criteria to identify these five neighborhoods. First, these five neighborhoods represent the neighborhoods with the greatest concentration of vacant and abandoned properties. Second, residents in these five neighborhoods identified the elimination of vacant and abandoned properties as a priority in their Strategic Neighborhood Action Plans (SNAPs). Neighborhood residents, businesses, non-profits, faith-based institutions and the Office of Planning developed the SNAPs during community meetings over a year.



Map 1: According to a 1999 DCRA study, there are approximately 3,970 vacant and abandoned properties scattered across the District of Columbia.



Map 2: Forty-five properties were awarded to six developers during the first disposition.

Once the *Initiative* has site control of a vacant and abandoned property it will bundle it with other properties and sell the bundle to pre-qualified developers (the disposition process is described in detail below). The bundles will range in size from five properties to 20 properties. The properties will be bundled primarily on their geographic proximity to one and other, but also on their development potential. The *Initiative* also wants to ensure that bundles are available to a range of different development teams. For example, some development teams will only be qualified to develop small bundles and therefore the *Initiative* wants to ensure that some bundles are small.

The Council of the District of Columbia will be asked to approve a negotiated sale as the means of disposition. Properties will be transferred to developers with insurable title.

The *Initiative* requires at least 30 percent of the properties that are rehabilitated each year affordable to low-income households. For the purposes of this program, the District considers a low-income family one who earns less than 60 percent of the Washington Area Median Income. In 2002, 60 percent of the AMI for a family of four was \$54,900. Because most properties will be located in distressed neighborhoods, it is expected that market forces will ensure that low- and moderate-income families purchase most units.

In addition to the goal of making 30 percent of the homes affordable to low-income families, the *Initiative* encourages developers to make homes available to workforce families. For the purposes of this program, the District considers a workforce family one who earns between 61 percent and 100 percent of the Washington Area Median Income. In 2002, 100 percent of AMI for a family of four was \$91,500.

## 2. PROCESS

There are four steps to the process that the *Initiative* will use to sell the properties to developers. First, developers will be pre-qualified to participate in the program by responding to a Request for Qualifications. Second, pre-qualified development teams will bid on the bundles of properties. Third, the *Initiative* and the selected development team will negotiate the final contract of sale for the bundle. Fourth, the winning development team will purchase the bundle of properties from the *Initiative*. Each of these steps is further described below.

### A. Pre-Qualification Process

The *Initiative* seeks to pre-qualify developers and development teams with proven experience in rehabilitation and new construction of single-family homes and townhouses. All developers interested in participating in the *Initiative* must respond to a Request for Qualifications. Applications are accepted on a rolling basis.

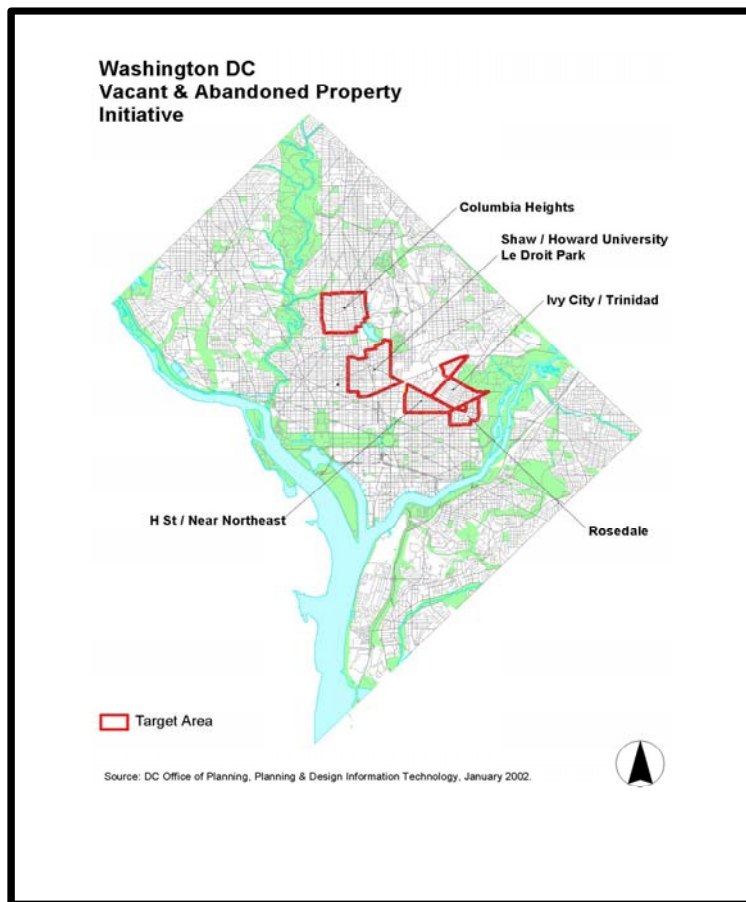
**The *Initiative* will review applications and make determination of pre-qualification within 45 days of receipt of the application.**

Assistance will be provided to responders who are *not* pre-qualified in order that they can reapply in the future.

All types of developers are encouraged to respond – large and small, for-profit and not-for-profit companies. Developers may respond as teams or as individual respondents. Respondents will be pre-qualified based on development experience, financial capacity, LSDBE participation, and marketing and outreach plans (further described below).

Respondents are asked to identify how many properties they can develop in a year. Respondents will be qualified to purchase a maximum number of properties in a year. Some large developers may not be interested in bidding on smaller bundles, and some small developers may not be able to bid on larger bundles. **When responding to this RFQ, developers must evidence experience and capacity to complete the number of properties they say they can develop in a year**

Respondents are asked their development fee, or their “overhead and profit.” Respondents can describe their fees as a percentage of the total development costs or on a per unit basis. Respondents may charge different fees depending on the neighborhood in which the properties are located and the characteristics of the properties.



Map 3: The *Initiative* is working to gain site control of properties in five initial neighborhoods and then will expand its efforts to other neighborhoods throughout the city.

Responders are encouraged to include Local, Small, and Disadvantaged Business Enterprises on their development teams. The Williams Administration believes that the *Initiative* is a major opportunity to support and to grow local, small and disadvantaged businesses. LSDBE participation may include equity participation, as well as contractor and sub-contractors.

#### *B. Competitive Bidding Process*

The *Initiative* will hold a competitive bidding process only for the pre-qualified development teams. The *Initiative* will accept proposals from all development teams who are pre-qualified to work on bundles of that size. However, the *Initiative* reserves the right to not award a bundle of properties to a development team who has not made substantial progress on the completion of earlier awarded properties.

When the bundle of properties is put out for bid, the *Initiative* will describe the bundle's use restrictions. For example, the *Initiative* will require that a certain number of properties in the bundle be set aside for low-income or workforce families. The developer will be expected to detail how long it will take to complete the rehabilitation of the properties, in what order the properties will be developed, and at what price they will be sold. Bids will be judged on several criteria, including, but not limited to feasibility, quality of development, purchase price, and affordability.

The *Initiative* reserves the right to adjust the sale price to ensure a feasible development. If necessary, the *Initiative* may demolish structures prior to transfer or provide additional subsidies. Development teams will be allowed to inspect the properties.

Other District agencies operate programs designed to assist first-time homebuyers. The Department of Housing and Community Development operates the Home Purchase Assistance Program (HPAP) to help qualified families with down payment assistance. The Housing Finance Agency provides low-interest mortgages to qualified families.

#### *C. Negotiate Contract*

Upon review of the bundles' final proposals, the *Initiative* will negotiate the details of the final sales contract.

#### *D. Purchase Properties*

In order to go to closing, developers will be required to:

1. have construction financing in place;
2. have primary building permits;
3. be registered to do business in the District of Columbia;
4. be current in all taxes owed to the District of Columbia;
5. not be in default on any obligation to the District;

6. sign a Memorandum of Understanding with the Office of Local, Small and Disadvantaged Business Enterprises to make a good faith effort to contract with local, small, and disadvantaged business enterprises; and,
7. sign a first source agreement, giving priority in new hiring by the developer for the project to DC residents.

### 3. SUBMISSION REQUIREMENTS AND PRE-QUALIFICATION PROCEDURES

Five (5) printed copies of the response must be submitted to:

*The Home Again Initiative*  
441 4<sup>th</sup> Street, NW  
Suite 1140 North  
Washington, DC 20001  
**Attn.: Application for Pre-qualification**

The District reserves the right, at its sole discretion, to reject any response it deems incomplete or unresponsive to the submission requirements. The District also reserves the right, at its sole discretion, to reject all responses and re-advertise at a later date.

If a respondent wishes to change the composition of the proposed development team at any time in the selection process or once pre-qualified, it must notify the District in writing. The District reserves the right to reevaluate the proposed changes to the development team and eliminate it from further consideration or pre-qualification.

A submission should be no more than 25 pages long, not including appendices. For a submission to be complete, the Respondent must submit the following information on standard letter sized format.

#### A. Developer

##### 1. Description of the respondent:

- a. Sole Proprietor: please provide the name, address, telephone number, fax number and e-mail address (if available) of the owner. Also, please provide any other name the developer currently is or previously did business under.
- b. Development Company: please provide the name, address, telephone number, fax number and e-mail address (if available) of the development company. Please indicate the individual who will be the managing principal or partner. Also, indicate the representative authorized to act on behalf of the developer and to provide additional information. Provide an organizational chart indicating the organization and management structure of the company.

- c. Development Team: please provide their name, address, telephone number, fax number and e-mail address (if available) for each member of the development team.

Please indicate the individual who will be or whose organization will be the managing principal or partner of the development team. Also, indicate the representative authorized to act on behalf of the development team responder and to provide additional information. Note any affiliation or other relationship between the members of the development team and any development company, parent company, or subsidiary. Provide an organizational chart indicating the organization and management structure of the development team.

A brief narrative description of the basis of the partnership, specifically the prior collaborative experience, business terms of the partnership, and management relationship among the team members. Also, please indicate the nature and share of each participant's financial investment in the development team and the role for each.

2. Identify any relationship between the developer and any person working for, appointed to a position in, or elected to an office of the District of Columbia Government, an instrumentality of the District of Columbia, or any other entity from which there may be even an appearance of conflict of interest.
3. Indicate how many properties the developer can complete in a year. Please indicate in increments of five. Once prequalified, developers will be eligible to bid on any bundle that contains the number of properties that the developer can complete in a year.
4. Indicate the developer's overhead and profit. The fees can be based on a percentage of the total development costs or on a per unit basis. Developers may provide a range of fees depending on costs of development, the neighborhood in which the properties are located, the homes' potential sale prices, or other variables.

#### *B. Qualifications and Experience*

Respondents must evidence the qualifications and experience necessary to complete the rehabilitation of the number of units the development team stated they could complete in a year.

1. Provide a list of the relevant projects with which the managing principal had primary involvement. List the projects by the year they were completed. For *each* project, provide:
  - a. The address and/or name of each property;

- b. The managing principal's role for each property;
  - c. A description of the work completed for each property;
  - d. A description of the finances of each property, including, at a minimum:
    - The purchase price,
    - The rehabilitation or construction costs,
    - The sale price or rental income, and
    - The financing structure;
  - e. A description of the materials used on each property;
  - f. A photo of each property; and,
  - g. The name and telephone number of persons familiar with the project who can respond to inquiries.
2. References for the managing principal or partner, including names, addresses and telephone numbers, and a letter authorizing each reference to respond to inquiries regarding the design, financing and development of prior projects.
  3. Provide descriptions of the skills and capabilities of all the professionals on the development team. Please describe the roles of senior staff members and provide their resumes describing their past experiences that are directly relevant.
  4. If available, the most current report from Dun & Bradstreet or other recognized credit-reporting service for each participating principal, partner, or co-venturer, or any relevant business entity.
  5. If applicable, the applicant should provide evidence of LSDBE certification with the District.

Respondents may submit additional material that they believe will assist in evaluating the ability of the development team, sole proprietor, or development company. Should the District need additional information about the qualifications and experience, it will request the authorized representative to submit additional materials.

### *C. Financial Capacity*

Respondents must evidence their financial capacity to complete the rehabilitation of the number of units they stated they could complete in a year. In general, respondents should demonstrate a financial capacity, including debt and equity, of \$1,000,000 for every five units they pledge to produce.



Respondents may include letters of interest from financial institutions. If respondents plan on using a line of credit that they currently have, they should provide evidence of that line of credit and its availability for this project. The *Initiative* requires a narrative and tabular statement identifying the developer's ability and commitment to invest capital. This might include a table of properties the development team owns indicating value, equity, debt, debt service, and any other liabilities.

Should the District require additional material about financial, it will request the authorized representative to furnish the additional information. To the extent permitted by law, the District will hold all financial information in confidence.

*D. Local, Small, and Disadvantaged Business Enterprises (LSDBE) Participation Plan*

The *Initiative* is committed to supporting Local, Small, and Disadvantaged Business Enterprises and encourages their participation on development teams as equity contributors, contractors and as joint venture developers. The *Initiative* is interested in providing employment opportunities for District residents, as well.

1. Provide a narrative or tabular description of the LSDBE participation on the development team, including equity investment participation at all phases of development.
2. Provide a plan for employing District residents for new job opportunities.

For more information about LSDBEs, the District of Columbia Municipal Regulations provides guidelines and goals for the participation of LSDBEs in contracts for professional and technical services, as well as construction contracting and purchasing. The District's Office of Local Business Development can be reached at (202) 727-3900.

*E. Marketing and Outreach Plan*

Respondents must evidence their ability to sell the properties once they are redeveloped, support first-time homebuyers, and reach out to the neighborhood during development.

1. Provide a marketing plan for the units with special attention to the units that will be dedicated to low-income and workforce families.
2. Provide a plan for the availability of pre- and post-purchase housing counseling programs for first time homebuyers, especially for low and moderate-income homebuyers.
3. Provide an outreach plan describing how the development team will interact with the community in which it is working.

#### **4. EVALUATION CRITERIA**

The District will review and grade the submissions on a scale of 100 points, and at its sole discretion, will rank the responses. Responses that ranked below 70 will not be eligible for pre-qualification. Definitions of the evaluation criteria follow.

*A. Qualifications and Experience (30 points)*

Respondents will be judged on their qualifications and experience as demonstrated by the development team's prior experience in developing properties. Responders must evidence the qualifications and experience necessary to complete the rehabilitation of the number of units the development team stated they could complete in a year. If the team is a joint venture, the qualifications of each will be reviewed in the context of the venture's combined experience.

*B. Financial Capacity (30 points)*

Respondents will be judged on their financing capacity by their ability to raise debt and equity capital for the rehabilitation. Responders must evidence their financial capacity to complete the rehabilitation of the number of units they stated they could complete in a year.

*C. Local, Small, and Disadvantaged Business Enterprises (LSDBE) Participation (20 points)*

Respondents will be judged on the inclusion of local, small and disadvantaged businesses on the development team. This involvement is sought in all elements of the team and at all levels of participation.

*D. Marketing and Outreach Plan (20 Points)*

Respondents will be judged on their outreach plans to the community during development; to market the properties to new homeowners, especially to low-income and workforce families; and to help low and moderate-income families become homeowners.

#### **5. QUESTIONS AND FURTHER INFORMATION**

For additional information and future updates, potential developers are encouraged to check the Deputy Mayor for Planning and Economic Development's web site at [www.dcbiz.dc.gov](http://www.dcbiz.dc.gov).

Questions can be sent in writing to:

The Home Again Initiative  
441 4<sup>th</sup> Street, NW  
Suite 1140 North

Washington, DC 20001

**Attn.: Application for Pre-qualification**